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| NPRR Number | [1282](https://www.ercot.com/mktrules/issues/NPRR1282) | NPRR Title | Ancillary Service Duration Under Real-time Co-optimization  |
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| Date | June 20, 2025 |
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| Submitter’s Information |
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| Market Segment | Independent Generator / Resource Entity |

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| Comments |

HGP Storage LLC (“HGP Storage” or “HGP”) respectfully submits these comments to Nodal Protocol Revision Request (NPRR) 1282 for consideration at the June ERCOT Board of Directors’ meeting.

NPRR1282 proposes a substantial and consequential change to the treatment of Energy Storage Resources (ESRs) in ERCOT’s Ancillary Service (“AS”) markets under Real-Time Co-Optimization (RTC). Specifically, the rule requires ESRs to maintain a four-hour State of Charge (SOC) in Real-Time to be eligible for a five-minute Non-Spinning Reserve (Non-Spin) award. This policy is not only inconsistent with market design principles and NERC reliability findings, but also technically and economically inefficient.

ERCOT’s 2025 State of Reliability Report highlights that battery storage has significantly improved grid stability and flexibility. NERC credited ERCOT’s addition of 7,414 MW of BESS as a primary factor in reducing its risk of emergency events in 2025 to only 3%—down from 18% the year prior. The existing framework, which allows ESRs to participate dynamically based on system needs and available SOC, has proven effective. NPRR1282 undermines this by creating an inflexible requirement that effectively sidelines storage assets from Non-Spin.

The Independent Market Monitor (IMM) explicitly warned that NPRR1282 is “misaligned with system reliability.” In their analysis, constraining storage assets with a static SOC obligation leads to suboptimal dispatch outcomes. A four-hour SOC requirement for a five-minute obligation ignores the granular operational control afforded by RTC-SCED. If a BESS delivers energy in one five-minute interval, it will no longer possess four hours of SOC—disqualifying it from the next award, regardless of performance or reliability capability.
The technical misalignment arises from the conflation of 'duration' (the qualification capacity of an asset) and 'SOC' (the Real-Time operational metric of energy stored). Duration defines how long a unit can discharge at its rated capacity. SOC is the instantaneous available energy. The market previously settled this distinction in NPRR1186, Improvements Prior to the RTC+B Project for Better ESR State of Charge Awareness, Accounting, and Monitoring, where ERCOT and the Commission rejected static SOC mandates. Instead, the policy allowed SOC to slope linearly over the hour to reflect a realistic discharge curve. NPRR1282 reverses that policy.

No other North American RTO imposes a four-hour SOC requirement for Real-Time reserves. PJM, MISO, and SPP all maintain flexibility by requiring deliverability within a fixed time (typically 10–30 minutes) without mandating extended energy sustainment for Real-Time products. Imposing a four-hour requirement in ERCOT breaks from industry standards and isolates its design in ways that raise consumer costs and reduce participation.

The economic impact is straightforward: as batteries are excluded from Non-Spin, ERCOT will rely on older, slower-ramping thermal units that are costlier to dispatch. Fewer suppliers means higher clearing prices. More importantly, consumers lose access to fast-ramping, flexible capacity that has proven instrumental in managing ramp risk during the critical solar-to-thermal transition at dusk.

Battery performance has consistently delivered under stress conditions. During Winter Storm Elliott in 2022 and Heather in 2024, batteries contributed up to 1,200 MW of fast-ramping capacity, filled Responsive Reserve (RRS) and Regulation Up Service (Reg-Up), and averted potential Load shed. At ERCOT’s January 2024 Open Meeting, Commissioner Cobos cited 2,000 MW of BESS output during the September 6 EEA as the deciding factor in maintaining grid reliability. These Resources are indispensable in Real-Time. Requiring them to withhold energy as stranded SOC undermines this benefit.

Finally, ERCOT’s own RTC+B initiative promises granular co-optimization between energy and AS with visibility into SOC and forecast. The platform is designed to enable dynamic award decisions every five minutes. NPRR1282’s rigid rule conflicts with this very architecture.

Instead, ERCOT should adopt the stakeholder compromise offered by Jupiter Power and Plus Power. Their joint proposal decouples qualification duration (e.g., 4-hour capability for Non-Spin) from the Real-Time SOC requirement (e.g., 1-hour SOC), reflecting actual operational needs and maximizing flexibility.

We respectfully urge the ERCOT Board to reject NPRR1282 as written and consider the broader market implications of this policy. ERCOT must remain competitive, flexible, and reliability-focused—not rigid and backward-looking.

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| Revised Cover Page Language |

None

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| Revised Proposed Protocol Language |

None